

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
)  
W. R. GRACE & CO., et al.,<sup>1</sup> ) Case No. 01-01139 (JJF)  
) (Jointly Administered)  
)  
Debtors. )

**SUMMARY OF THE SECOND QUARTERLY INTERIM VERIFIED  
APPLICATION OF REED SMITH LLP FOR COMPENSATION FOR  
SERVICES AND REIMBURSEMENT OF EXPENSES AS SPECIAL ASBESTOS  
PRODUCTS LIABILITY DEFENSE COUNSEL TO W. R. GRACE & CO., ET AL., FOR  
THE INTERIM PERIOD FROM OCTOBER 1, 2001 THROUGH DECEMBER 31, 2001**

Name of Applicant: Reed Smith LLP

Authorized to Provide Professional Services to: W. R. Grace & Co., et al., Debtors and  
Debtors-in-Possession

Date of Retention: Retention Order entered July 19, 2001,  
effective as of April 2, 2001.

Period for which compensation and  
reimbursement is sought: October 1, 2001 through December 31, 2001

Amount of Compensation sought as actual,  
reasonable, and necessary: \$598,028.00

This is a: \_\_\_ monthly x quarterly application.

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<sup>1</sup> The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc.), Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc.), E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

| Date Filed        | Period Covered  | Requested Fees | Requested Expenses | Approved Fees | Approved Expenses |
|-------------------|-----------------|----------------|--------------------|---------------|-------------------|
| November 27, 2001 | 10/1 - 10/31/01 | \$229,036.50   | \$10,314.97        | Yes           | Yes               |
| December 26, 2001 | 11/1 - 11/30/01 | \$216,703.50   | \$22,667.19        | Yes           | Yes               |
| January 30, 2002  | 12/1 - 12/31/01 | \$152,288.00   | \$43,025.11        | pending       | pending           |

Reed Smith has filed certificates of no objection with the Court with respect to the Applications for October and November 2001 because no objections were filed with the Court within the objection period.

The Reed Smith attorneys who rendered professional services in these cases during the Fee Period are:<sup>2</sup>

| Name of Professional Person | Position with the applicant | Number of years as an attorney | Department | Hourly billing rate | Total billed hours | Total compensation |
|-----------------------------|-----------------------------|--------------------------------|------------|---------------------|--------------------|--------------------|
| James J. Restivo, Jr.       | Partner                     | 30 Years                       | Litigation | \$380.00            | 44.50              | \$16,963.50        |
| Lawrence E. Flatley         | Partner                     | 26 Years                       | Litigation | \$340.00            | 172.60             | \$58,684.00        |
| Douglas E. Cameron          | Partner                     | 17 Years                       | Litigation | \$325.00            | 89.40              | \$29,055.00        |
| Andrew J. Trevelise         | Partner                     | 22 Years                       | Litigation | \$325.00            | 17.70              | \$5,752.50         |
| Paul M. Singer              | Partner                     | 30 Years                       | Bankruptcy | \$390.00            | .50                | \$195.00           |
| James W. Bentz              | Partner                     | 13 Years                       | Litigation | \$260.00            | 205.30             | \$53,378.00        |
| Stephen J. DelSole          | Associate                   | 7 Years                        | Litigation | \$250.00            | 34.20              | \$8,550.00         |
| Traci Sands Rea             | Associate                   | 6 years                        | Litigation | \$240.00            | 2.85               | \$684.00           |
| Jennifer Kelleher           | Associate                   | 5 years                        | Litigation | \$225.00            | 1.50               | \$337.50           |
| Patricia E. Antezana        | Associate                   | 2 years                        | Litigation | \$180.00            | 42.20              | \$7,596.00         |
| Jayne L. Butcher            | Associate                   | 1 year                         | New Assoc. | \$180.00            | 326.80             | \$58,824.00        |
| Scott M. Cindrich           | Associate                   | 1 year                         | New Assoc. | \$180.00            | 480.00             | \$86,406.00        |
| Bryan C. Devine             | Associate                   | 1 year                         | New Assoc. | \$180.00            | 397.30             | \$71,514.00        |
| Jeffrey A. McDaniel         | Associate                   | 1 year                         | New Assoc. | \$180.00            | 87.20              | \$15,696.00        |

<sup>2</sup> Any capitalized terms not defined herein have the meaning ascribed to them in the First Quarterly Interim Verified Application of Reed Smith LLP for Compensation for Services and Reimbursement of Expenses as Special Asbestos Products Liability Defense Counsel to W. R. Grace & Co., et al., for the Interim Period from April 2, 2001 through September 30, 2001.

| <b>Name of Professional Person</b> | <b>Position with the applicant</b> | <b>Number of years as an attorney</b> | <b>Department</b> | <b>Hourly billing rate</b> | <b>Total billed hours</b> | <b>Total compensation</b> |
|------------------------------------|------------------------------------|---------------------------------------|-------------------|----------------------------|---------------------------|---------------------------|
| Andrew J. Muha                     | Associate                          | 1 year                                | New Assoc.        | \$180.00                   | 363.20                    | \$65,376.00               |
| Lisa D. DeMarchi                   | Associate                          | 1 year                                | New Assoc.        | \$180.00                   | 349.80                    | \$62,964.00               |

The paraprofessionals who rendered professional service in these cases during the Fee Period are:

| <b>Name of Professional Person</b> | <b>Position with the applicant</b> | <b>Number of years in position</b> | <b>Department</b> | <b>Hourly billing rate</b> | <b>Total billed hours</b> | <b>Total compensation</b> |
|------------------------------------|------------------------------------|------------------------------------|-------------------|----------------------------|---------------------------|---------------------------|
| M. Susan Haines                    | Paralegal                          | 28 Years                           | Litigation        | \$135.00                   | 215.00                    | \$29,025.00               |
| Maureen L. Atkinson                | Paralegal                          | 25 Years                           | Litigation        | \$110.00                   | 220.60                    | \$24,266.00               |
| John B. Lord                       | Paralegal                          | 9 Years                            | Litigation        | \$130.00                   | 2.50                      | \$325.00                  |
| Kelly H. Gordon                    | Paralegal                          | 2 Years                            | Litigation        | \$120.00                   | 9.10                      | \$782.00                  |

Total Fees: \$598,028.00

## Expense Summary

| Description                                    | Amount           |
|--|------------------|
| Standard Copies                                | \$ 2,511.05      |
| Westlaw  | 67.16            |
| Postage Expense                                | 11.04            |
| Courier Service                                | 366.90           |
| Courier Service -- Outside                     | 291.45           |
| Express Mail Service                           | 136.28           |
| Outside Duplicating                            | 2,278.98         |
| Document Production                            | 52.50            |
| Document Charge                                | 117.25           |
| Transcript Expense                             | 90.00            |
| Binding Charge                                 | 6.00             |
| Document Scanning/Conversion                   | 5,613.26         |
| Secretarial Overtime                           | 7,590.00         |
| Lodging  | 8,639.65         |
| Transportation                                 | 466.92           |
| Air Travel Expense                             | 16,403.71        |
| Rail Travel Expense                            | 5.00             |
| Taxi Expense                                   | 1,019.60         |
| Mileage Expense                                | 581.66           |
| Telephone                                      | 119.17           |
| Telephone Expense -- Outside                   | 441.83           |
| Travel Meals                                   | 1,740.93         |
| Miscellaneous                                  | 5.00             |
| General Expenses (including Document Scanning) | <u>27,451.93</u> |
| Total  | \$76,007.27      |